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Note by the President of the Security Council

Attached is the addendum to the final report of the Monitoring Mechanism on Sanctions against UNITA (see S/2000/1225, annex), which is being submitted in accordance with Security Council resolution 1336 (2001) of 23 January 2001.

* Reissued for technical reasons.

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Annex

Letter dated 16 April 2001 from the Chairman of the Security Council Committee established pursuant to resolution 864 (1993) concerning the situation in Angola addressed to the President of the Security Council

I have the honour to transmit herewith the addendum (see enclosure) to the final report of the Monitoring Mechanism on Sanctions against UNITA established pursuant to Security Council resolution 1295 (2000) (see S/2000/1225, annex). The final report was issued on 21 December 2000. The addendum, dated 11 April 2001, is submitted pursuant to paragraph 6 of Security Council resolution 1336 (2001) of 23 January 2001, by which the mandate of the Mechanism was extended for a period of three months.

I would be grateful if the present letter and its enclosure were circulated to members of the Security Council for their information and issued as a document of the Council.

(*Signed*) Richard **Ryan**
Chairman
Security Council Committee established pursuant to resolution 864 (1993)
concerning the situation in Angola

Enclosure

Addendum to the final report of the Monitoring Mechanism on Sanctions against UNITA

11 April 2001

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I. Introduction

1. The present addendum to the final report of the Monitoring Mechanism on Sanctions against UNITA (see S/2000/1225, annex) is being submitted in accordance with Security Council resolution 1336 (2001) of 23 January 2001, by which the Council took note of the Mechanism's report and expressed its intention to give full consideration to it in due course. By the same resolution, the Council decided to extend the mandate of the Mechanism as set out in its resolution 1295 (2000), and requested it to submit a written addendum to the final report by 19 April 2001.

2. Subsequently, the Mechanism presented its programme of work for the three-month extension to the Committee established pursuant to Council resolution 864 (1993). In the programme of work, the Mechanism placed priority on following up leads which could not be pursued under its earlier mandate due to time constraints and on communications with Member States on alleged sanction violations. The commissioning of a professional asset tracer to investigate the assets and finances of the União Nacional para a Indepêndencia Total de Angola (UNITA) was high on the Mechanism's list of priorities. The Mechanism also placed emphasis on continuing consultations with Governments, subregional, regional and international organizations to improve the implementation of sanctions against UNITA.

3. During the period under review, the Mechanism visited the following countries for consultations: Angola, Namibia, Botswana, Kenya, the United Republic of Tanzania, the Sudan, Belgium, the Democratic Republic of the Congo, Gabon, Italy, France, South Africa and Côte d'Ivoire. The Mechanism also visited the headquarters of the Southern African Development Community (Gaborone) and of the International Criminal Police Organization (Interpol) in Lyon.

4. In Angola, the Mechanism received printouts from computers captured from UNITA at Andulo and Bailundo, revealing more about arms procurements and the build-up of mechanized brigades by UNITA between 1997 and 1999. These documents further reveal the duplicity of UNITA as it entered the Lusaka Process.

5. Questionnaires were sent to Member States, seeking information on what measures they have put in place to promote and strengthen the implementation of sanctions against UNITA. Communications were also sent to a number of countries, seeking more information on UNITA senior officials cited in the final report as residing in their territories. While some countries responded promptly to the Mechanism's enquiries, a number of responses remain outstanding.

A. Political and military developments in Angola in the context of the implementation of United Nations sanctions against UNITA

6. In its final report, the Mechanism observed that UNITA military capacity had been significantly reduced. During the period under review, UNITA has continued to carry out guerrilla attacks, mostly against innocent civilian targets. United Nations sources in Luanda revealed that reports of civilians fleeing UNITA speak of acts of terror by the rebel movement. They have also reported significant deterioration in the physical conditions of civilians fleeing UNITA, with many claiming that they were being used as porters for food and military equipment by UNITA.

7. The situation along Angola's border with Namibia and Zambia remains militarized and unstable. UNITA elements have occasionally raided civilians on the Namibian and Zambian sides of the borders, and continued fighting in Moxico province has further increased the number of refugees into western Zambia.

8. During its visit to Angola, the Mechanism was informed by the authorities of a tripartite agreement reached in Luanda on 10 February 2001, aimed at preventing the illegal circulation of people and goods and the unlawful trade in diamonds and ivory, as well as illicit arms trafficking. This is expected to strengthen the implementation of sanctions against UNITA and improve security along the joint borders of Angola, Namibia and Zambia.

9. The Mechanism was also informed by the Angolan authorities that the response to the amnesty law announced by the President in 2000 has generally been positive, with many UNITA combatants reportedly taking advantage of the offer. The Mechanism was also informed that the Government has established the Fund for Peace and National Reconciliation, to be used in the integration of former UNITA combatants back into society.

10. The Mechanism's overall assessment is that sanctions continue to play an important part in efforts to resolve the Angolan conflict. With no fixed arms supply lines and diminishing revenue from diamonds, UNITA's military capacity has been significantly reduced. Recent and increasing calls by UNITA for the lifting of the sanctions are indications that the sanctions are hurting. However, it is important to point out, in view of the significant arms caches uncovered by Namibian armed forces in southern Angola, that UNITA very probably still has vast quantities of arms hidden in the ground all over Angola, enough for it to pursue guerrilla warfare for a long time. In addition, recent reports that unidentified aircraft have been spotted in eastern Angola, violating that country's airspace, are a cause of concern and indicate a need to strengthen the implementation of the sanctions.

B. Sanctions-busting in the areas of arms, military equipment and transport: overview of the findings of the final report

11. In its final report, the Mechanism revealed that between 1997 and 1998, arms manufacturers based in Bulgaria exported significant quantities of arms on the basis of end-user certificates featuring Togo as the country of origin. The report also revealed that Romania-based arms manufacturers similarly exported arms, on one occasion in 1996 and two occasions in 1999, on the basis of end-user certificates featuring both Togo and Burkina Faso as countries of origin. The report further underlined that whereas the end-user certificates from Togo proved to be forgeries following forensic expertise, those from Burkina Faso proved to be authentic. The report contained detailed information concerning the transportation logistics of the arms shipments dominated by flights operated by Air Cess, as well as details of flight itineraries, most of which involved transits at airports in Nairobi and Khartoum, with final destinations given as Kindu, Democratic Republic of the Congo, and Mwanza, United Republic of Tanzania.

12. The role played in brokering the arms transactions by offshore companies, some of which are based in Gibraltar, Panama and the Bahamas, was also depicted in detail. In its conclusion, the report underlined the high probability that the weapons exported, in particular those exported by Bulgarian-based arms

manufacturers, ultimately reached UNITA-controlled areas. In the same vein, despite the control measures put in place by arms-exporting countries, some weakness in the overall export/import process was noted.

C. Subsequent findings

13. Following the extension of its mandate, the Mechanism has actively pursued its investigative activities in two directions: the follow-up of the leads resulting from the initial investigation and the assessment of other possible supply sources and/or arms exports in violation of the sanctions imposed by the Security Council against UNITA. These findings are set out below

II. Arms brokering companies

14. In view of the key role played by the companies which brokered the arms transactions, the Mechanism centred its enquiries on the collection of additional information on those networks, such as the extent of their involvement in arms and financial transactions and the composition of their boards of directors.

A. Companies involved in Bulgarian exports

KAS Engineering, Gibraltar

15. The company acted as a single intermediary, contractor and buyer of all the equipment exported by Bulgarian suppliers. The Mechanism conducted a mission to Gibraltar and was informed that KAS Engineering is administered by **SKYSEC Secretarial Limited** based in Cyprus. At the request of the Mechanism, the Cyprus authorities reported that SKYSEC is a company that provides consulting administration and secretarial services. The same authorities indicated that the directorate of KAS is assumed by ARMART International LT, based at 4 Athol Street, Isle of Man, United Kingdom. The shareholder is said to be INTERCON Nominees Ltd., based at 2nd Floor, Atlantic House, Circular Road, Douglas, Isle of Man. SKYSEC, contacted by the Cypriot authorities, indicated that it acts as a nominee assistant secretary and does not know about the activities of KAS.

B. Companies involved in Romanian exports

STARCO Investments and Trade
13 Martin Bouber Street, Haifa, Israel

16. The Mechanism requested the Israeli authorities to provide information concerning the mentioned company and its involvement in the arms transaction which occurred in 1996 between ROMTechnica (a Romanian supplier) and purportedly Togo. The Mechanism was informed that the enquiry conducted yielded no information concerning STARCO.

17. However, the Mechanism's attention was drawn to allegations published in the Israeli daily newspaper *Ha'aretz* concerning an Israeli businessman, Bo'Az Avigdon, reportedly residing in Martin Buber Street. The Israeli businessman is

quoted to have acknowledged that he owned, with an associate, a company named STARCON, which was closed in 1996 following the refusal of the Romanian Government to approve an arms deal. This recent development has been referred to the Israeli Government for the formulation of their views and observations, in particular the likelihood that STARCO and STARCON could be one and the same firm.

East European Shipping Cooperation
102 Uwala House, Nassau, Bahamas

18. The Mechanism has requested the authorities of the Bahamas to provide information concerning the mentioned company, which has brokered arms deals that took place in 1999 between SN ROM ARM SA, a Romanian supplier, and purportedly the Togolese authorities. The Bahamas authorities have not yet responded to the request.

Trade Investment International Limited
10 Cumberland Mansions, George Street, London, United Kingdom

19. The Mechanism is similarly awaiting a response to its request addressed to the authorities of the United Kingdom concerning the United Kingdom-based company Trade Investment International, said to be the representative in Europe of the Bahamas-based company.

Armitech Company Inc.,
5 Cuba Avenue, 34 St East, Building 34-20, Panama City; head office: Cyprus

20. Armitech has featured as the broker of arms transactions between ARSENALUL ARMATEI Romania and Burkina Faso. The Panamanian authorities have also been requested to provide information regarding the circumstances surrounding the company involvement in the mentioned transaction. A response is still awaited.

21. The Cypriot authorities have, at the request of the Mechanism, informed it that no company with the name Armitech is registered in Cyprus. However, the fax particulars provided by the Mechanism belong to ARMINPEX Hightech Ltd., registered in Cyprus as an international business company dealing in army equipment. It is not known at this stage if ARMITECH and ARMINPEX Hightech are related. The director of the latter company from 1997 to 2000 was Ivan Tsourkan, a Russian national, currently the main shareholder. He is reportedly residing at Kosmodamian Skay str 46.50, Room 24, Moscow.

C. Establishment of the source/origin of the military equipment seized in Togo

22. The Mechanism requested and obtained from the Togolese authorities a photograph of the Cyrillic characters mentioned on the equipment with a view to determining its origin. These characteristics, which featured no country of production, did not help to determine the origin of the said equipment.

23. The Mechanism is considering an alternative option through the establishment of the flight route of the carriers which transported the equipment in order to

determine the country of shipment. To that end, the Mechanism has requested, from the authorities of the countries where the aircraft transporting the weapons were purportedly in transit, information regarding the flight movement prior to transit.

Movement of military equipment from Gbadolite to Togo: establishment of final destination

24. The Togolese authorities have provided the Mechanism with additional details regarding the flight movement of the aircraft which transported military equipment on 18 May 1997, the nature of which has not been specified, from Gbadolite/former Zaire to Togo. The flight movement, as recorded by the Civil Aviation Authorities of Togo, was as follows:

Date:	18 May 1997
Type:	Antonov 12
Registration:	UR8206
Arrived:	Niamtougou, Togo
From:	Gbadolite, former Zaire
Date:	18 May1997
Departed:	Niamtougou, Togo
Destination:	Lomé
Date:	19 May 1997
Departed:	Lomé
Destination:	Burgas, Bulgaria

It should be noted that the other aircraft type IL 76, which transported military equipment on 17 May 1997, reportedly returned the same day to Gbadolite.

25. The Mechanism is of the view that given the circumstances under which the flights departed from Gbadolite in the immediate aftermath of the sudden departure of the late former President Mobutu, a return flight from Niamtougou to Gbadolite was hardly feasible. It is equally unlikely that, on 19 May 1997, the Antonov transporting military equipment could have headed for Burgas. The actual destination of the military equipment moved from Gbadolite remains to be established.

D. Assessment of other possible sources of supply and/or arms exports

26. In assessing the existence of other possible sources of supply for UNITA, the Mechanism has considered the following parameters:

(a) The initial investigation disclosed 38 arms shipments from Bulgaria in the time period July 1997 to October 1998. The breakdown per year was as follows:

(i) 1997: 29 shipments were effected in four months (July, October, November and December);

(ii) 1998: of nine shipments, seven were effected in the month of January, the other two in October;

(b) The three shipments from Romania followed a less frequent pattern, with one shipment in 1996 and two in 1999;

(c) The equipment captured by Angolan government forces entailed categories of weapons such as the BM21 (multiple rocket launcher), BMPs (armoured vehicle) and Uragan missiles, which did not feature in any of the exports from Bulgaria or Romania. Similarly, the examination of the computerized military records captured from UNITA provided to the Mechanism by the Angolan authorities reflected the same categories of weapons. All these parameters point to the fact that the full spectrum of sources of supply to UNITA has yet to be established.

Establishment of the origin of UNITA equipment seized by Angolan forces

27. The Mechanism has acted on the information provided by the Angolan Government regarding a selected sampling of equipment seized, along with their serial numbers. The countries which featured in the list of equipment as producers, i.e., Ukraine, the Russian Federation and China, at the request of the Mechanism, have indicated that the specific equipment was neither produced nor exported from these respective countries. During its visit to Angola, the Mechanism reviewed, with the Angolan authorities, the pattern of the identified shipments and addressed the issue of the existence of possible sources of supply and/or exports. In the absence of immediate available data, the Mechanism is determined to pursue its close cooperation with Angola in order to unveil the full spectrum of arms suppliers to UNITA.

Military equipment captured by Namibian defence forces from UNITA combatants

28. The Mechanism conducted a mission to Namibia, where it was given the opportunity to further travel to Rundu and view the military equipment captured by Namibian defence forces from UNITA combatants. The Mechanism has noted the very deteriorated physical condition of this equipment, with the exception of the rounds of ammunition. Consultations with Namibian military officers at the site suggested that the equipment was probably hidden in buried caches, to which groups of UNITA combatants have access. The absence of markings on a large portion of the equipment seized makes it difficult to trace its origin. The pursuit of cooperation with arms-producing countries is necessary to determine the origin of items of equipment marked with serial numbers. The equipment seized between 13 January and 14 February 2001 was as follows:

Quantity	*Description*	*Serial No.*
2	140mm fragmentation shells of G-2 guns	77-11-70
10	106mm heat shells	4-XA-70
29	81mm smoke shells R1M1	PN800
60	88mm anti-tank shells R1M1	001B/79
1 072 260	Browning machine gun ammunition	7506
7	Hand grenades	No mark
1	Rifle grenade	No mark
1	APM	No mark
8	AKM rifles	No mark

Quantity	*Description*	*Serial No.*
127	AKM rifle rounds	No mark
1	60mm mortar	No mark
57	Armed shells of anti-tank gun	174-81-73
12	War head shells of GP rocket launcher	7-78
25	82mm mortar shells	No mark
2	B-10 shells	100-57248
2	PK barrels	No mark
3	60mm mortar shells	No mark
2	DSHK anti-aircraft machine-gun	24194
118	DSHK anti-aircraft machine-gun	No mark
48	57mm anti-tank shells	1952-1
7 632	Stick hand grenades	150-83-65
293	PK machine-gun rounds	No mark
1	RPG anti-tank rocket launcher	No mark
1	G-3 rifle, empty magazine	No mark

UNITA factor in the context of the conflict in the Democratic Republic of the Congo

29. It will be recalled that the Mechanism confirmed a case of tactical cooperation between UNITA and Rwandan forces, which occurred in northern Angola in 1998. The participation of Ugandan forces in that operation was also mentioned. The Mechanism duly addressed with both the Angolan and former Zairean authorities the allegations regarding the presence of UNITA in the eastern region of former Zaire under the control of rebel movements and their allies.

30. The Mechanism has received reports of UNITA cooperation with rebels in the eastern Democratic Republic of the Congo. It has also received allegations concerning the presence of UNITA elements in that region. Although these allegations have been made repeatedly, they are not yet confirmed with certainty. The presence of UNITA in the eastern Democratic Republic of the Congo, if confirmed, presents a potential risk of opening up arms supply lines for the rebel movement. The Mechanisms hold the strong opinion that this dimension remains a cause for concern and deserves due attention.

Assessment of the extent of arms-related flights operated by Air Cess

31. The Mechanism, taking into consideration the continuous involvement of Air Cess in activities violating the sanctions, has initiated a project to compile data related to Air Cess-operated cargo flights destined to Africa. To that end, the Mechanism has requested the cooperation of selected countries from various regions to provide information regarding Air Cess operations. The responsiveness of the countries contacted is encouraging. The Mechanism has already received significant data from Egypt, Bulgaria, South Africa and Kenya. The cross-verification of the movement of flights identified, the specific nature of their load and the particulars of consignor and consignee is ongoing.

Current status of the project on the profiling of arms dealers

32. The Mechanism has actively pursued the project on the profiling of arms dealers and has, at this stage, collected documented information regarding the following major arms dealers named in previous reports:

Imad Kebir

Also known as Imad Bakri; Lebanese national; uses several passports, the particulars of which have yet to be established; well introduced at the highest levels of the Lebanese community living in the Democratic Republic of Congo; frequently travels in the southern African region.

Piotr Godunov

Believed to be a Ukrainian national involved in arms deals with UNITA; no further information has been recorded by the Mechanism.

Victor Anatolyevich/Bout

Born 13 January 1967 in Dushanbe; Russian national said to be holding several passports, including passport No. 29#0006765, issued by the Russian embassy in the United Arab Emirates (validity already expired) and Russian passport No. 443570350, valid until 4 February 2003; graduated from the Military Institute of Foreign Languages and served in the early 1990s in the Russian contingent of the peacekeeping operation in Angola; former air force officer strongly suspected to be connected to Russian organized crime; operates the biggest fleet of privately owned Antonov aircraft in the world; representative of Antonov aircraft in Africa; supplied military equipment and other necessities to all conflict areas in Africa; visited in 1999 several arms manufacturers in Bulgaria; four of the manufacturers visited featured in 1997 as exporters of arms on the basis of forged Togolese end-user certificates; his brother Sergei is reportedly responsible for the daily operations of Air Cess, his air charter company.

E. Conclusion

33. The central role played by the identified brokering companies in the procurement of arms by UNITA is overwhelming and cannot be overemphasized. The modus operandi used by these companies, acting as contractor/buyers of military equipment, has introduced an element of diversion designed to make it difficult to establish a direct link between suppliers and UNITA. Similarly, the financial transactions related to arms sales have revealed a complex pattern that needs to be exposed by the continuing investigation of UNITA financial assets.

34. In the light of these developments, the need to tighten the regulations governing the activities and operations of arms-brokering companies has become urgent. Similarly, the establishment of an international register of the dubious companies involved in sanction-busting should be given due consideration. UNITA has experienced serious military setbacks in the past which it has succeeded in overcoming: it should not be taken for granted that all the possibilities for UNITA rearmament have been exhausted. Therefore, the diligent implementation of the recommendations contained in the Mechanism's final report continues to be urgent and necessary.

III. UNITA representation and travel and residence of senior UNITA officials and their adult family members

35. In its final report, the Mechanism described the UNITA structures abroad, what their tasks are, and how and where they operate. The great importance of these structures was underlined since they in many ways play a critical role in assuring the continued existence of the organization. The Government of Angola confirmed this importance, during the visit of the Mechanism to Luanda. Due to the sanctions imposed on UNITA representation, the structures do not any longer function as official UNITA offices. The sanctions are circumvented, however, through the use of front offices, self styled NGOs or individuals. Jointly, the structures do ensure an international presence of UNITA through the dissemination of political propaganda, contacts with people of influence etc. Even more important, they are also essential for the financial transactions, diamond dealings and strategic procurement of UNITA.

36. The description of UNITA operations outside Angola, in which special attention was paid to the organizational set-ups in Africa and Europe as being of particular importance for the organization, is still valid. The analyses made and the problems identified as impeding the implementation of the sanctions are also still valid. The present section intends to show what changes have been reported regarding UNITA structures, what information has been made available about the existence of new structures in addition to the ones elaborated upon in the final report, and what measures have been taken to improve the implementation of the sanctions and thus impede the functioning of those structures.

37. The Mechanism also notes that the different problems related to the adoption, circulation and updating of the list of senior UNITA officials and immediate adult family members, which were raised in its interim report presented in October 2000 and further underlined in the final report, have yet to be resolved. In fact, the list annexed to the final report has yet to be officially circulated by the Sanctions Committee. The Monitoring Mechanism, however, has made an effort to update the list and its suggestions in this regard appear below.

A. Africa

38. No information has reached the Mechanism indicating that any major changes in UNITA structures in Africa have taken place. Burkina Faso and Togo continue to be important countries of residence for senior UNITA officials and their family members. However, there are indications that some of the countries of importance to UNITA are now re-examining their policies. The Mechanism has received information from the Government of Côte d'Ivoire that, in connection with a general change of passports in the country that is supposed to be finalized by 30 June 2001, passports will no longer be issued to UNITA officials. This decision is significant, bearing in mind that Côte d'Ivoire has been one of the main providers of passports to UNITA over the years.

39. In addition to Côte d'Ivoire, there are also signs that some of the countries that have been and still are providing safe havens to senior UNITA officials and their family members are beginning to distance themselves from the organization. This, in turn, has led to indications that UNITA is trying to gain access to neighbouring

countries. The Mechanism feels that it is very important for this possible movement of UNITA representatives to be closely followed, and that Governments in the region be made aware of the possibility of such attempts being undertaken in order to be vigilant.

40. Although certain improvements have apparently taken place or are under way, it should however be noted that the Mechanism continues to receive information about extensive travelling being undertaken by senior UNITA members inside and outside of Africa. The Mechanism is actively seeking information that is specific enough to enable Governments to take appropriate action.

B. Americas

41. During the period since the final report, UNITA has made efforts to take advantage of the changes in the United States Administration. The Mechanism has received, on its email address, copies of letters from Mr. Savimbi addressed to high officials in the new administration. The person considered by the Mechanism to be the unofficial representative of UNITA in the United States, Jardo Muekalia, has met with an official of the Department of Defense outside government premises. American authorities have explained that the meeting in question was to be considered informal and on a personal basis; it was underlined that it should not be considered a change in American policy. According to information available to the Mechanism, similar informal meetings occasionally also took place during the period of the Clinton Administration. The information regarding the meeting was provided to the press by Mr. Muekalia. This should be seen in the context of information the Mechanism received during its visit in Luanda in November 2000 and in March 2001, that Mr. Savimbi used the "promise" of a change in American policy towards UNITA as an important means to maintain morale among his followers.

42. Since the final report, the Mechanism has also received information that UNITA maintains links with certain Latin American countries, which was not previously established. This information is being followed up.

C. Europe

43. In addition to Africa, Europe maintains its importance to UNITA both as regards safe havens and as a base for its operations. Since its final report, information has reached the Mechanism that there also exists a special branch of UNITA for Scandinavia, and that the representation in some European countries may be of greater importance than was assumed in that report. This information was unfortunately made available to the Mechanism too late for it to be investigated. The Governments concerned are being contacted and asked to investigate the allegations.

44. As noted in the final report, the Schengen agreement, allowing for free travel between its member countries, i.e., a majority of the member countries of the European Union as well as Norway, makes it extremely difficult to implement those parts of the so-called "people sanctions" that restrict travel of UNITA senior officials. The Mechanism has not received any answer to its suggestions in the final report about how to improve the implementation of the sanctions in the countries concerned, taking into account the existence of the agreement.

45. The use of front organizations seems to be of particular importance in Europe. The Mechanism, in the final report, described, inter alia, the functioning of two such organizations, the Commission for Justice, Peace and Reconciliation in Angola (CJPRA), found to be used by important UNITA representatives, particularly in Portugal, Italy and Ireland, and Casa Angola, the front organization used by the UNITA "representative" in Belgium. The Mechanism has not been informed about any action taken or efforts made to close these front organizations. Being aware that constitutional rights in many countries strongly protect the right to association, the Mechanism maintains that UNITA should not be allowed to abuse such rights by transforming its official representations to non-governmental/not-for-profit organizations, as is now the case.

46. The opinion that CJPRA functions as a front for UNITA is further strengthened by the fact that its leadership (Adalberto Costa Junior, Joffre Justino and Leon Dias), in a presentation on the CJPRA web site, modified as recently as 23 November 2000, define themselves as "militants of UNITA who have watched our party being bombed by the permanent sanctions of the United Nations, for seven consecutive years".

47. UNITA is also alleged to be operating under the cover of an organization called Committee for Peace and Democracy in Angola (CPDA). On its web site, the organization is presented as an Angolan civil society organization. Judging from the content published on the web site of CPDA, which in many respects mirrors the content of what is being published by CJPRA, it seems likely that CPDA is used as a UNITA front. This is reinforced by the fact that the logo used for the web site includes a black cockerel, the traditional symbol of UNITA, also used on its flag. The Mechanism is aware that an organization with a similar name does exist in Angola. It has not been established, however, that this organization is the same as the one suspected by the Mechanism of being used as a UNITA front.

D. UNITA and the Internet: web sites and email

48. The use of the Internet, web sites and email is an important tool for UNITA in its propaganda efforts. The web site now in active use by UNITA is at kwacha.org. For email UNITA uses, among others, Hotmail. The domain record for the site shows that it is registered in Ireland under the name of Colm Croasdell. An email address used by Leon Dias, administrative contact for the web site kwacha.com, is colmc@indigo.ie. That site was registered and has been in operation since early 1997, also from Ireland. It has not been active since 28 October 1999. Until the middle of 1999, several other sites operated as UNITA supporters, with links to UNITA. Most of those sites are still operational. The Mechanism has been informed that the Government of Ireland is trying to address this problem.

E. List of senior UNITA officials and their adult family members

49. Since the beginning of its reporting, the Mechanism has paid particular importance to the list of senior UNITA officials and their family members, emphasizing the imperative that such a list be kept as accurate as possible. In the final report, the need for a regular update of the list was also pointed out, so that persons who for whatever reason should be removed from the list could be deleted

and also so that new names could be added, as required. It is therefore to be regretted that the list annexed to the final report does not yet appear to have been formally circulated. During its visits to different countries, it was on several occasions mentioned by Governments that it was impossible to ensure the implementation of the sanctions relating to UNITA officials in the absence of such an updated list. The Mechanism fully concurs with that view.

50. Since its final report, the Mechanism has continued the updating of the list and has the following suggestions to make:

Names to be deleted

No. 09. Camosso, Antonio (not UNITA official)

No. 10. Catchiungo (appears under two Nos.; see also No. 76)

No. 25. Chula, Jessey (not UNITA official)

No. 49. Grito, Morais (deceased)

No. 67. Kanganji (appears under two Nos.; see also No. 54)

No. 82. Ludevina (appears under two Nos.; see also No. 12)

No. 87. Malaquias, Isaura (not UNITA official)

No. 89. Maola, Francisco (not UNITA official)

No. 158. Timotelo, Victor (not UNITA official)

Names to be added

Dachala, Dekas; brother of "Karrica"; said to be an important UNITA official, operating in central and eastern Africa, possibly with links to rebels in the Democratic Republic of the Congo

Sachiambo, Aninhas; colonel; close to Mr. Savimbi; knowledge of UNITA administration and finances

Prata, Jorge; director for UNITA diamond business

Other changes to be made

No. 57. Kaley, Alexandre; said to be inside Angola, not in Namibia

No. 64. Kamalata, Francisco; residence not known

No. 77. Katende, Joao; alias is not "Jo Prata"; title is not special ambassador (official within UNITA diamond business)

No. 84. Last name should be "Lusadissu" not "Lusadiu"; place of residence is said to be Germany

No. 162. Veneno; last name should be "Kanjungo", first name "Fernando Ngueve" "Sheltox" and "Silivondela" are aliases

No. 119. Sakaita, Aleluia, is a son of Mr. Savimbi not a daughter.

The Mechanism is following up information indicating that certain persons on the list are deceased and thus should be deleted, and that others should be added due to involvement not previously known.

F. Conclusion

51. In conclusion, it must again be stressed that the UNITA structures of senior officials abroad are today essential to the survival of the organization. Representatives carry out public relations activities and political lobbying. They are also essential to UNITA supply lines, diamond sales and logistics. The Mechanism believes that these structures are evolving in order to adapt to circumstances. Since the presentation of the final report, the Mechanism has been informed about UNITA links/branches in Scandinavia and Latin America. To a large extent, the persons involved seem to have been linked for several years with the countries that they are covering. In certain cases now under investigation, they have citizenship of European countries or refugee status in a European country.

IV. Diamond trading

A. Current state of diamond mining in Angola

52. In 2000, 69 per cent of diamonds under government control came from the nine official mines; 31 per cent were mined by *garimpeiros*, according to official figures made available to the Mechanism. Because almost a quarter of Angola's diamonds are mined in the lower-value Catoca kimberlite mine, the value of the diamonds is almost equally divided between the official sector, worth $398.5 million, and the unofficial diamond sector, worth $347.6 million.

53. It has been noticeable that in the last two years official mining has begun to outstrip the informal sector despite the war. However, there has been an increase in non-UNITA smuggling during 2000, which clearly means that illicit Angolan diamonds are reaching diamond markets regardless of the certificate of origin system and which also makes the tracing of UNITA smuggling more problematic. Several diamond dealers under investigation appear to be buying both types of illicit Angolan diamonds. Diamond smuggling from Angola has been estimated to have increased to $250 million in 2000 according to industry sources.

54. For this reason, it is likely that total Angolan diamond production, including UNITA's mining, was of the order of $1.1 billion in 2000, at a minimum. Gemstones worth $350 million have therefore been laundered through diamond trading systems (note that the figure of $350 million is based on smuggling of at least $250 million from non-UNITA sources and probable UNITA smuggling of at least $100 million; both of these figures are minimum estimates, as better data on the real situation is awaited). We would also suggest, based on better knowledge of the diamond production capacity of ex-UNITA mining areas, that UNITA smuggling in 1999 was worth at least $300 million.

UNITA diamond mining and trading activities in 2001

55. During the Mechanism's visit to Angola in February 2001 we raised the question of the location of UNITA mines and the value of their output with the

Ministry of Geology and Mines, the Forces Armada Angolana (FAA), United Nations agencies who have access to the interior and a number of diamond companies. These interviews served to confirm that the information we gave in the previous report is still valid, and that UNITA access to diamond mines remains unchanged at present.

56. We have not been able to obtain any estimates of the value of current UNITA diamond production. This is likely to remain similar to 2000 since the principal limitation on UNITA's capacity to mine is the control of a large enough workforce, together with the capture of at least part of its mining equipment by FAA. UNITA typically uses one soldier to control a group of 6 to 10 diggers; therefore, controlling a workforce of 2,000 diggers, for example, would take about 300 troops. The investigation into sales of UNITA diamonds, which is now under way, should begin to answer the question of the real value of UNITA's diamond mining.

B. The diamond circuits

57. In the December 2000 report, the Mechanism identified the role of both diamond dealers and diamond smuggling circuits in aiding UNITA to violate United Nations sanctions on the sale of diamonds. The report highlighted the need to follow up these reports and allegations and to gather detailed evidence of sanctions violations. The Mechanism also highlighted the role of the Angolan single channel for diamonds in developing better control of the diamond circuits within Angola, and has followed up the initial work with a visit to ASCorp buying offices to examine the systems in more detail.

ASCorp: the Angolan single channel diamond marketing system

58. The ASCorp single channel diamond marketing system was set up with a mandate to purchase all Angola's diamond production and as a means to regulate the Angolan diamond sector, both to put all certified diamonds through a single controllable channel and to implement controls within the informal mining and trading sector. During the period of the extension of its mandate, the Mechanism interviewed shareholders in ASCorp, interviewed executives and visited two of its buying offices, in Malange and Saurimo, to discuss what measures were being taken to control the diamond buying circuits in Angola.

59. ASCorp began full operation in February 2000. It is a joint venture, in which the Angolan Government, in the form of SODIAM, holds 51 per cent of the shares. Between February and December 2000, ASCorp bought diamonds worth $746 million and paid taxes of $59.16 million (in 1999, Angola produced diamonds worth $650 million; total taxes paid on the sale of diamonds amounted to only $21 million). All the diamonds, except those from Catoca, are exported directly to Antwerp; diamonds from Catoca are exported to Tel Aviv. All these diamonds carry a certificate of origin.

60. The new system has been widely criticized for being a monopoly and offering lower prices for diamonds than on the Antwerp market. ASCorp acknowledges that this is the case; tax is deducted at the point of sale for *garimpeiro* miners. The tax rate is 6 per cent for small miners on the informal market (*garimpeiros*) and 11 per cent for major mines, who pay 5 per cent royalties in addition. Lower prices than on the Antwerp market are offered since ASCorp sell in Antwerp and would make no

profit if they traded at those market prices in Angola. However, in the case of larger, better-quality stones which would otherwise be lost to smugglers, full market price is being offered, the Mechanism was informed.

61. After a year of operation, in which the new certificate of origin system was started up, ASCorp has a total of 23 buying offices, principally in Lunda Norte, with one in Lunda Sul and two buyers in Malange city. A buying office in Kuito was briefly opened and closed because it was impossible to be certain of the sources of the diamonds. The objective, according to Noe Balthasar, Chief Executive Officer of ASCorp, is to create a transparent, controllable and regulated buying system, and to bring the informal sector under control.

62. This highly problematic task is being addressed in several ways. Small miners and the middlemen who trade the diamonds are being registered through the Guichet Unico (see paras. 69-73 below). To date, since September 2000, just under 800 traders have been registered and about 20 per cent of applicants are turned down after checks on their documentation. The traders are asked to register when they go to ASCorp offices to sell diamonds. Records are kept of their names and the quantities of diamonds traded, whether the traders register or not. At present, the middlemen are not compelled to register except, we were told, in Malange.

63. Registration of buyers is a major key to controlling the circulation of diamonds. The credentials issued are valid for three months only and define the area in which the buyer can operate. It is the first time such a system has been tried out on the ground. It is not a quick-fix solution, but if effective it will address one of the most difficult problems in the diamond trading sector — controlling the operations of the small traders. The effect will be to reduce the number of middlemen operating, and also to reduce their hold over the miners. The area of sale of any parcels of diamonds will be identifiable.

Bringing artisan miners into the State mining sector

64. The informal mining sector is also to be brought under tighter control, with benefits being offered to miners who sell through ASCorp. The objectives are to begin investment in social projects, to "Angolanize" the diamond circuits, to formalize *garimpeiro* mining and create "diamond schools" so that Angolan miners no longer depend on the more skilled West Africans. ASCorp has budgeted $1.1 million to begin work in the social sector in 2001.

65. One project for a group of local miners in the Saurimo area is under way. Miners will receive mining equipment, food and fuel, and will sell their diamonds direct to ASCorp, thus cutting out the middleman altogether. There are an estimated 100,000 plus *garimpeiro* miners in Angola, many of them working in remote areas, so that the registration of *garimpeiros* is likely to be a long process.

66. Small-scale mining and trading is dominated by West Africans or former Zaireans, who have remained in Angola and acquired Angolan nationality through marriage. They also act as middlemen since they have a knowledge of diamond trading that Angolans lack. They cannot be deported where they possess Angolan identity papers, but will be licensed and brought into the ASCorp system and their numbers reduced.

67. Mining concessions have been reduced by law to 3,000 square kilometres; in principle this will enable the mining companies to control *garimpeiros* who move

into their concessions, although it is a contentious policy since many mining companies were originally awarded much larger concessions to allow for prospecting and the opening up of new mines, and will now lose large areas of territory.

68. The Angolan Government has been carrying out research to identify the scope of *garimpeiro* mining in Angola. A survey in the Cuango region alone discovered 130 semi-industrial mines using drag-lines. These miners will be offered the possibility of continuing to mine legally. Moving small-scale mining into the legitimate sector will improve overall diamond production since better mining techniques will be applied and artisan miners can work areas that would be uneconomical for industrial-scale mines.

The Guichet Unico and the credential system

69. The Guichet Unico is the body created to investigate applicants for diamond credentials and authorize the issue of credentials, thus controlling diamond smuggling from Angola. The body consists of representatives of the Criminal Police, State Security, Immigration, Customs, the Fiscal Police, the Border Police, the Rapid Intervention Police and the Economic Police. These are carefully selected representatives and paid accordingly. They authorize the issue of credentials to miners and clients and work closely with ASCorp security. The credential cards, similar in make-up to credit cards and difficult to forge, are issued by ASCorp when the Guichet Unico has completed its investigation. Each type of card is colour-coded and bar-coded, and eventually the bar-coding will allow computerization of the diamond sales system.

70. There are four categories of credentials issued. Licences for clients of ASCorp (the diamond traders) are valid for three months within the area designated on the licence. If the middlemen do not trade with ASCorp, the licence is withdrawn on the basis that the diamonds must be being smuggled out of Angola. It currently takes about four weeks for a licence to be issued. The policy at present is to register as many sellers as possible in order to track their activities since licences are only valid for three months. Artisanal miners are licensed to mine within a region; these miners become legitimate but must sell their diamonds direct to ASCorp. ASCorp security and ASCorp buyers also receive credentials.

71. The Guichet Unico system is only at the beginning of what is evidently a long process, and in the interim the problems of controlling the circulation of diamonds also rests with ASCorp buyers and security. The buyers are able to provide information on the output of the mines in their region, providing valuable central data on Angola's diamonds. Buyers informed the Mechanism that they have been instructed not to buy diamonds they think may originate from UNITA. ASCorp officials point out that any such trades, if discovered, would result in disaster for ASCorp. Buyers are able to identify the origin of the diamonds they buy, and the Mechanism was told that parcels of diamonds worth more than $100,000 are unusual; smaller parcels are more typical, with about five clients bringing in diamonds worth $400,000 a week (typical UNITA diamond trades involve larger parcels, worth $1 million and upwards). In addition, the Mechanism was told that the Guichet Unico system is a deterrent to UNITA traders in view of the possibility of their being identified.

72. One major issue is how to control the increasing quantities of diamonds smuggled out of Angola by non-UNITA sources. Overall informal mining has increased across Angola as a result of the recapture of mining areas previously held by UNITA — quite extensive mines in Bie province, six mines in the Lundas and mines in Kwanza Sul and parts of Malange and Kuanda Kubango that UNITA no longer occupies. This considerable increase in diamond production should have meant larger purchases by ASCorp than they have made this year, and their assessment is that there has been an overall increase in smuggling this year.

73. While it is clear that this system has a very long way to go, it offers interesting methodologies for resolving the most difficult issues in the alluvial mining sector — controlling the *garimpeiros* and the buyers. ASCorp has begun to address the underlying problems of bringing both into the system. Alluvial mining regions in Africa have always proved difficult to control; the diamonds are spread over large areas, and fencing off and policing these areas is not viable. Control methods have previously relied on policing the regions, but this does not address the key questions of the marginalization of the miners and the role of the middlemen in this trade. If the new system is effective, it will provide a model for stabilizing alluvial mining regions and will make it more difficult for rebel groups to control miners. It will also make it much more difficult for illegal buyers to operate freely. The system should be monitored to check its effectiveness in practice.

Illicit diamond trading in Luanda

74. Official diamond buying offices in Luanda have been abolished in order to gain better control of the diamond trading circuits in Angola and identify smugglers. Since there is now no reason for any individual to possess diamonds in Luanda, it is easier to identify those in possession of illicit diamonds. It is also significantly easier to identify both the diamonds and the seller if diamonds are traded in the mining areas rather than in the capital.

75. In 2001, there have been two major arrests of illicit dealers, both caught holding diamonds, which is necessary for an arrest for illegal diamond trading in Angola. Antonio de Sousa, a well-connected Portuguese national resident in Angola, was sentenced to nine years in prison in February 2001 for possession of 77 diamonds at his home in Luanda and allegedly arranging a trade of 1,600 diamonds.

76. Azet Mohammed, who holds a British protected citizen passport, was arrested in March 2001. He was arrested for possession of a parcel of diamonds worth $100,000. Mohammed was described as the "lieutenant" of diamond dealer Ali Mackie Fouad Abess, of Mackie Diamonds in Antwerp, a Lebanese diamond dealer who was also a dealer in Sierra Leonean diamonds. Mackie, who holds a United States passport, began working in Angola in late 1999. He was deported from Angola for possession of false papers when Mohammed was arrested. Mackie's activities in Angola are under investigation.

77. One Angolan large dealer is still operating in Luanda. He buys mainly higher-quality goods, worth at least $250 per carat, and his turnover is said to have increased fourfold since 2000. His smuggling operation to two diamond centres remains an open door for sanctions violations.

78. It should be noted that, in its resolution 1173 (1998), the Security Council decided that all States should take the necessary measures to prohibit the direct or

indirect import from Angola to their territory of all diamonds that are not controlled through the certificate of origin regime of the Government of Unity and National Reconciliation, though within the primary context of the sanctions against UNITA. The Mechanism is therefore obliged to follow up all instances of illicit diamonds imported from Angola. The object of dealers in these stones seems to be to obtain these valuable Angolan gems, which position dealers in the top 20 per cent of the diamond market, rather than to work exclusively with one side or the other. The diamond smuggling networks also overlap considerably, as can be seen from the account of these set out below.

C. UNITA-related smuggling circuits

Methodology for investigating the UNITA diamond trade

79. In its final report, the Mechanism described the broader systems for "laundering" illicit diamonds, that is, diamonds which are smuggled from the country of origin and whose provenance is falsified, and how UNITA diamonds move within these networks. The Mechanism noted that UNITA diamonds were sold during 2000 through three principal means: through the auction of diamonds, through trading in South Africa and through direct links to diamond dealers. In order to validate reports concerning UNITA's diamond trading and to obtain more evidence, the Mechanism has launched an investigation of the detailed allegations it has received concerning sanctions violations. Although the Mechanism has heard many allegations concerning UNITA's diamond trading, it is only able to follow up those which are sufficiently detailed to be both very credible and traceable.

80. Evidence-gathering in the world of diamond dealing is made especially difficult by the relative absence of documentation of the kind that one might expect from more normal trading channels, and because of the complexity of diamond trading networks. In the first place, information comes from individuals, usually diamond industry sources, who tend to be well aware of what is going on in the industry but whose information by itself is insufficient as evidence, even from multiple sources. In one case, we have the same detailed allegation from three sources, but naming this company without further evidence runs the risk of being misled by rumour.

81. There are additional problems of evidence-gathering as well. Evidence is only rarely available from eyewitnesses to diamond deals. It is very easy for diamonds to acquire false documentation and difficult to trace the movements of diamond dealers, who may hold several passports. Parcels of diamonds are likely to pass through several countries and be mixed with other diamonds en route. And lastly, it has always been relatively easy to smuggle diamonds and sell illicit diamonds, and those who are willing to buy such diamonds are prepared to cover their tracks.

82. Other problems that investigators in this field face are:

(a) The existence of "shell" companies, whose only reason for existence is to process paperwork for diamond deals that took place elsewhere;

(b) Forged invoices;

(c) False declaration of the value of a consignment of diamonds from a country of provenance;

(d) Misdeclaration of the country of origin;

(e) The movement of diamonds through tax havens that do not keep records of this, and probably an increase in this trade;

(f) Increasingly complex import routes for suspect diamonds into diamond centres.

83. Verification of information, therefore, means:

(a) Gathering all available information from as wide as possible a range of sources;

(b) Searching for any existing paper trails, which are likely to cross three or four countries, possibly including tax havens;

(c) Travelling to the site of suspected deals to verify information on the ground;

(d) Interviewing dealers about their diamond buying activities.

84. Despite the difficulty of gathering hard evidence in this field, if no attempt is made to gather what is available it will not be possible to prove the activities of diamond dealers in breaking United Nations sanctions. This investigation will also clearly expose the problems and weaknesses of documentation in the world of diamond trading.

85. During the time available, the Mechanism has launched an initial check into the feasibility of detailed investigation, with Interpol and other relevant experts, and it is of the opinion that results can be reached by these means provided that the investigation is carefully targeted. Investigations into eight diamond dealers have been launched, although the first phase of the inquiries has not yet been completed. Further inquiries into the allegations have also been made, which have so far tended to confirm the information held by the Mechanism, and to suggest that most if not all of the routes and players referred to in our report are still actively used by UNITA. It would, however, be premature to publish the details while the investigation is still under way.

86. It is essential that any successor to the Mechanism continue with this inquiry or that an international body such as Interpol do so. In addition to the activities of diamond dealers, diamond circuits are used to launder the diamond deals of arms traders linked to UNITA and hence to launder dirty money. It is precisely these weaknesses in diamond trading systems, allied to the ease of smuggling diamonds, that permit diamond trading, specifically, to be used by UNITA and these are issues that need addressing.

Putative diamond auctions in Gabon

87. The Mechanism visited Gabon to follow up reports that UNITA held a tender for diamonds during October 2000. It was said to be the third tender held in 2000, but the Mechanism has no substantive information on the first two. On the third, the Mechanism has information concerning the destination of the parcel, which it has provided to the Government.

88. The Government of Gabon had no knowledge of any of these tenders, and agreed to follow up the information provided by the Mechanism on the export of the

parcel to see whether this information can be validated. It should be noted that any such tender would be held only to sell a valuable parcel of diamonds to the highest bidder, and that a country with no obvious links to diamonds but with good air transport links and banking system makes for a safer place for this type of activity.

Smuggling through the Democratic Republic of the Congo and Congo Brazzaville

89. The Mechanism visited the Democratic Republic of the Congo to begin the process of verifying reports of UNITA diamond trades through the Democratic Republic of the Congo, and the role of dealers. As noted above, the activities of diamond dealers who were working in the Democratic Republic of the Congo prior to the company International Diamond Industries (IDI-Congo) receiving the monopoly rights to purchase diamonds in September 2000, are under investigation. The Mechanism interviewed IDI-Congo and others operating in the diamond sector to obtain information about the situation.

90. However, there are other links between the diamonds of Angola and the Democratic Republic of the Congo, which need examination. The diamond industry in the Democratic Republic of the Congo is one of the most complex to analyse because of the very high level of diamond smuggling from and through the country, and because of the previous use of the Democratic Republic of the Congo as a country of provenance for illicit Angolan diamonds, regardless of whether these diamonds have even transited the Democratic Republic of the Congo. Diamonds from Angola are known to be mixed with diamonds from the Democratic Republic of the Congo by dealers who buy illicit Angolan diamonds, including UNITA diamonds, and dealers who have worked with UNITA have admitted this practice. This makes judging the provenance of diamonds from the region extremely difficult.

91. There are two main areas of continuity of diamonds between Angola and the Democratic Republic of the Congo: the Chicapa region and the northern Cuango River, which forms part of the border between the two countries. There are historical region and kinship ties across these virtually open borders, and trading across them is a long-established activity. Diamonds are said to flow in both directions across the border; Angolan diamonds flow into the Democratic Republic of the Congo through either smaller local trades or from diamond buyers who enter Angola to find better-quality gems. Diamonds from the Democratic Republic of the Congo also moved into Angola, at least during the period in which diamond trading in the Democratic Republic of the Congo took place in local currency, a factor which greatly increased diamond smuggling from the Democratic Republic of the Congo.

92. Inside Angola, the Cuango region, north of Luremo, is mined in the upper reaches by UNITA. On the Democratic Republic of the Congo bank of the river, in the province of Bandunda, the region is a zone reserved for national defence, in which alluvial diamond mining is being developed under control of the Democratic Republic of the Congo military, according to the Government of the Democratic Republic of the Congo.

93. While there are evident possibilities for laundering both UNITA and non-UNITA illicit diamonds, the Mechanism has also learned that most of the better-quality diamonds that are either mined in the Democratic Republic of the Congo or pass through that country from Angola are now smuggled out.

94. The Government of the Democratic Republic of the Congo carried out an exercise to discover the extent of diamond smuggling from the country during 2000, and has established that many Democratic Republic of the Congo — and potentially Angolan — diamonds now reach Congo Brazzaville. The Mechanism had previously heard that Angolan diamonds do in fact reach Congo Brazzaville through the Democratic Republic of the Congo, though the exact source and quantities have not been determined.

95. The Government of Congo Brazzaville was approached for information on the illicit trade, and has acknowledged that there is a major problem of smuggling. There are currently approximately five licensed *comptoirs d'achat* (diamond buying offices) and a total of 30 dealers in the country, many of whom moved there when IDI-Congo gained monopoly rights in the neighbouring Democratic Republic of the Congo, according to industry sources. The Government of Congo Brazzaville is of the opinion that Angolan diamonds do not enter the country directly from Angola due to border controls between the two countries. Diamonds leaving Congo-Brazzaville through legal routes are "expertised" — checked to ensure that packages of diamonds conform to their stated contents. However, the international smuggling circuits in operation bypass normal controls.

96. The Government of the Democratic Republic of the Congo is to institute a certificate of origin scheme in the near future, following discussions with the Diamond High Council in Belgium. This is one step towards control of a complex diamond circuit, through which many illegal gems are "laundered", but trilateral initiatives to control the diamond circuits between Angola, the Democratic Republic of the Congo and Congo Brazzaville should be considered, possibly with international guarantees. Addressing these issues would resolve one of the most difficult questions in diamond control.

97. The Mechanism has learned that the Government of the Democratic Republic of the Congo is planning a joint venture diamond-cutting factory in the Democratic Republic of the Congo with a Belgian-based company, TOP International, to cut and polish diamonds from the majority State-owned Minière de Bakwanga mines and then sell them, in addition to providing training and "expertising" Democratic Republic of the Congo diamonds. The accord was signed in March 2000 and the modalities for its implementation are still under discussion. It could be considered premature to open a diamond-cutting factory while the complex smuggling situation remains unresolved.

South Africa

98. The Government of South Africa is investigating the trade said to originate from the "Présidence du Togo" in the Mechanism's report. The diamonds were sold to a South African jeweller by an intermediary, who held the invoice, and the paperwork is said not to conform to South African regulations. The question has now been handed to the South African police force for further investigation.

99. During the Mechanism's visit to South Africa, extensive discussions were held on the smuggling of UNITA and other Angolan diamonds into South Africa, and are part of the investigations in progress as part of the wide-ranging cooperation being developed in several sectors.

100. The South African Government is in the process of implementing new controls on the import of diamonds into South Africa through the Mineral Development Bill, which it is hoped will be passed into law in June 2002, subject to parliamentary process. The Diamond Act of 1986, which makes little provision for diamond imports, governs imports until that date, supported by Diamond Board regulations.

Information-gathering from other States

101. The Mechanism also continued a process of information-gathering from both African diamond-producing countries and major trading centres, so as to compare official records of imports and exports of diamonds and verify information held by the Mechanism. The Mechanism also wished to discover which countries related directly or in some cases very indirectly to the investigations into UNITA diamond trading had implemented Security Council resolution 1173 (1998).

102. The Mechanism requested the following information:

(a) Whether Security Council resolution 1173 (1998) has been enacted into national law;

(b) Copies of regulations governing the sale of diamonds, the names and contact details of bodies responsible for overseeing diamond sales, and sample copies of the documents needed to trade in and export diamonds;

(c) Information on any procedures implemented to control diamond smuggling and conflict diamonds;

(d) An official list of licensed diamond dealers, where relevant;

(e) Diamond production and export figures for the period 1998 to 2000.

103. Several diamond-trading countries were approached by letter for information. The Government of Israel was asked what measures had been taken to ensure that embargoed diamonds are not reaching the market since the Government has enacted the Security Council resolution. The Ministry of Trade and Industry was requested to provide the figures for imports from all African countries during the year 2000, as well as imports of rough diamonds from Cyprus (if any) and Switzerland, and to inform us of the procedures followed when a parcel of rough diamonds enters the country. The Mechanism was not able to visit Israel during the short period allowed for travel and received no reply to its written request.

104. The Central African Republic and Zambia have not yet responded to the Mechanism's request for further information on the diamond trade and diamond exports from those countries. Nor has the Government of Mali responded to a request to provide any available information on the activities of Malian nationals who are known to be buyers of illicit diamonds in Angola and to clarify whether there is any diamond market, legal or otherwise, known to the Government, which might provide an outlet for rough diamonds if other UNITA trading routes are blocked.

105. The Government of Rwanda wrote to the Mechanism, in response to questions raised in the report, informing them that Mr. Victor Bout and his associates have not approached the Rwandan Government to set up a diamond-cutting factory in Rwanda. The Government acknowledges that small quantities of diamonds pass through Rwanda to Belgium from the Democratic Republic of the Congo, describing

this as a traditional route for diamonds, although it was not reported in Belgium import statistics until 1998. Diamonds pass through Rwanda tax-free. There was no comment on the import of high-value diamonds into South Africa said to originate from Rwanda.

106. The Government of Uganda has informed the Mechanism that no export permits were issued for the 9,387.51 carats of diamonds reported as exported from Uganda into Antwerp, and offered its cooperation in an investigation into these reports.

D. Conclusion

107. The effectiveness of Security Council resolution 1173 (1998) on UNITA diamond trading may be assessed as follows:

(a) Many countries have not passed national laws enacting the implementation of Security Council resolution 1173 (1998). Several States claim that existing national laws are sufficient for this purpose. This is patently not the case, although the problem may lie more in flouting of local controls than in the laws themselves (the Mechanism has set out to gain this information from all countries in any way related to the conflict in Angola and through which UNITA diamonds might pass; there is no existing exhaustive list of countries who have enacted the sanctions);

(b) In cases where Governments have both enacted laws and strengthened diamond-trading controls, illicit diamonds are still reaching the market. There are clear and major weaknesses in systems for controlling diamond trading, which no single country can effectively address because of the many alternative routes available to traders in illicit diamonds. UNITA gems will find a market as long as illicit diamonds can be traded and until those involved in this trade are exposed and penalized, thus making UNITA diamonds a less attractive proposition;

(c) The sanctions have driven UNITA diamond trading deeper underground and have made UNITA seek new routes for diamond trading;

(d) The sanctions have brought about reform of official Angolan diamond-trading structures, producing a novel approach to resolving problems on the ground, which should be considered as an option for application in other African diamond-mining countries;

(e) Finally, United Nations sanctions have provided the impetus for worldwide controls on diamonds — the certificate of origin scheme. However, this scheme is unlikely to reach the implementation stage before the end of 2001.

V. Petroleum and petroleum products

108. The Mechanism was informed by the Namibian authorities that their forces had unearthed 32 full 5,000-litre petroleum containers in southern Angola during their aggressive pursuit operations in February 2001. It is not known when they were delivered and where they came from. The Mechanism was also informed that although UNITA demand for fuel has been greatly reduced since the end of its offensive, small UNITA guerrilla groups still occasionally use trucks for rapid

deployment. This information once again brings to the fore the need for continued vigilance on the part of the Government of Angola, as well as the countries in the subregion, to ensure that fuel is not smuggled to UNITA.

109. The Mechanism was briefed by the Government of Namibia about the strong measures it had put in place to monitor the movement of petroleum along its common border with Angola. It was also informed that the Energy Sector Committee of the Southern African Development Community (SADC) was studying the recommendations concerning the need for the subregion to carry out a detailed analysis of fuel samples obtained from petroleum industry suppliers in the area so as to create a database for the purpose of evaluating fuel obtained or captured from UNITA.

VI. Measures taken by member States of the Southern African Development Community to strengthen the implementation of sanctions against UNITA

110. The success of the implementation of sanctions depends on the commitment of the international community as much as that of the southern African subregion itself. Indeed, in its resolution 1295 (2000), the Security Council recognizes the special role of SADC in the strengthening of the implementation of sanctions against UNITA. The period under review has seen the countries in the southern African subregion continue to take measures to strengthen the implementation of sanctions against UNITA. The measures taken by these countries have been mainly at three levels — national, bilateral and subregional.

111. As noted above, on 10 February 2001 a tripartite agreement was reached between Angola, Namibia and Zambia, under which all sides will improve security along their common borders and will also improve the implementation of sanctions against UNITA.

112. In December 2000, a special meeting of the Southern African Regional Police Chiefs Organization was held at the chief of police level in Luanda, at which country papers on the implementation of sanctions against UNITA were presented and an exchange of intelligence information was held on the matter. The police chiefs decided to designate the Interpol subregional office in Harare as a centre for the exchange of intelligence information among countries in the subregion.

113. At the level of SADC, intersectoral committees of the organization are currently studying recommendations contained in Security Council resolution 1295 (2000) that are specific to SADC in the areas of petroleum and transport. During its visit to SADC headquarters in Gaborone, the Mechanism was informed by the SADC Executive Secretary, Prega Ramsamy, that the results of these studies should among other things be able to help the organization to identify the particular areas for which SADC should seek external financial and technical assistance.

114. SADC representatives have also been part of the expanded Kimberly process, working towards devising effective and pragmatic measures to address the issue of conflict diamonds, including the creation and implementation of a simple and workable international scheme for rough diamonds. To work towards this goal, the Kimberly process participants have agreed on a schedule of expert meetings in Belgium (April 2001), the Russian Federation (June 2001), the United Kingdom

(September 2001) and Angola (October 2001), culminating in a possible ministerial meeting in Botswana (November 2001).

115. At its extraordinary summit, held in Windhoek on 9 March 2001, SADC reaffirmed its moral and material support for the people of Angola, and urged all SADC member States to tighten the United Nations sanctions against UNITA, particularly in the area of illicit diamond trading. The SADC Inter-State Defence and Security Committee has also addressed the issue of strengthening sanctions against UNITA under its various subcommittees, especially its Ad Hoc Committee on Cross-border Crime.

VII. Concluding remarks

116. UNITA is still very active, conducting guerrilla warfare, attacking mostly civilian targets, destroying infrastructure, killing innocent people and laying landmines. Peace is not yet at hand. This is why the Angolan Government has officially requested the maintenance of sanctions and vigilance in monitoring compliance as the only effective way to force UNITA to return to the peace process that it has betrayed.

117. In terms of the work of the Mechanism that has been mandated, there is still a lot to be done in connection with the ongoing investigations, analysis of the information that is being gathered and continuing consultations with the Governments and organizations concerned. Another very important task is to monitor the different measures and initiatives adopted by countries in order to comply with the sanctions and implement the recommendations of the report of the Mechanism, as well as the investigation into UNITA finances.

118. The Security Council's firm commitment to monitoring sanctions has undoubtedly had a positive effect on thwarting the military lifelines that UNITA requires. As a result of the high level of vigilance and systematic investigations recently undertaken by the Mechanism, Governments who in the past violated sanctions are now distancing themselves from UNITA and taking measures to implement the sanctions. In the case of companies and individuals, they are today under pressure and constant scrutiny.

119. However, although the attitude of impunity may have lessened, the intentions of sanctions busters to continue to derive profit from this cruel war remains firmly intact. UNITA and its suppliers are simply hoping that the Security Council's commitment to actively pursuing them will soon end. The Mechanism strongly believes that, at this juncture, it would send a very bad signal to leave its work unfinished, when all available indications show that UNITA is finally being hurt by the sanctions even if it has not given up.